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7 UNITED STATES DISTRICT COURT  
8 DISTRICT OF NEVADA

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10 RICHARD M. FLEMING, an individual,  
11 Plaintiff,  
12 v.  
13 CHAD A. BROWN, an individual,  
14 Defendant.

Case No. 3:17-cv-00707-MMD-WGC

ORDER

(Pl.'s Motion to Compel Arbitration and  
Stay Proceedings  
– ECF No. 49)

15 **I. SUMMARY**

16 Before the Court is Defendant Chad A. Brown's Motion to Compel Arbitration and  
17 Stay Proceedings ("Motion"). (ECF No. 49.) Plaintiff Richard M. Fleming responded (ECF  
18 No. 50), and Brown replied (ECF No. 51).<sup>1</sup> For the reasons discussed below, Brown's  
19 Motion is granted.

20 **II. BACKGROUND**

21 Fleming and Brown formed a company ("Omnific, LLC" or "Omnific") in 2015 to  
22 market a breast cancer screening method that Fleming developed. (ECF No. 49 at 1.) The  
23 parties now dispute whether Brown infringed Fleming's U.S. Patent No. 9566037

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25 <sup>1</sup>Fleming filed a surreply to Brown's Motion (ECF No. 52), and Brown filed a motion  
26 to strike the surreply (ECF No. 53). "Surreplies are not permitted without leave of court."  
27 LR 7-2(b). Given that Fleming did not seek leave of court, Brown's motion to strike  
28 Fleming's surreply is granted. The Court will also strike Fleming's improper surreply to  
Brown's motion to strike (ECF No. 57). In addition, Fleming asserted a countermotion in  
his response to Brown's motion to strike. (ECF No. 54.) The Court will not consider this  
countermotion because it does not comply with LR IC 2-2(b) and will strike all related  
briefing (ECF Nos. 56, 58).

1 (“Patent”) and copyrights bearing Registration Nos. TX 7-451-243 and TX 7-451-244  
2 (“Copyrights”) relating to the breast cancer screening method when Brown allegedly  
3 conducted breast imaging studies using the Patent and Copyrights. (*Id.*; ECF No. 38 at 5,  
4 6, 8, 11.)

5 The parties executed an operating agreement (“2015 Operating Agreement”) when  
6 they formed Omnific. (See ECF No. 49 at 2; see *generally* ECF No. 49-2 (2015 Operating  
7 Agreement).) The 2015 Operating Agreement describes the capital contributions both  
8 parties made in exchange for an interest in the company. (ECF No. 49-2 at 10-11.)  
9 Fleming’s capital contribution consisted of assigning to Omnific a perpetual license to  
10 certain intellectual property related to the breast cancer screening method he developed.  
11 (*Id.*) The assignment consisted of, *inter alia*, future patents related to Fleming’s breast  
12 cancer screening method as well as scientific advancements by Fleming related to cancer  
13 and cardiovascular screening, diagnosis, monitoring, care and treatment. (*Id.*) The 2015  
14 Operating Agreement also excluded certain intellectual property from the assignment—  
15 published papers, copyrights, and patents as noted in Fleming’s CV. (*Id.* at 11.)

16 The parties executed a new operating agreement in 2016 (“2016 Operating  
17 Agreement”) that was allegedly intended to adjust their membership interests. (ECF No.  
18 49 at 2.) Brown contends that “it is not at all clear that the amendment was effective”  
19 because, “[a]t some point in that process, Fleming surreptitiously altered certain language  
20 related to the contribution of certain intellectual property to Omnific.” (*Id.*) The 2016  
21 Operating Agreement clearly differs from the 2015 Operating Agreement. While the  
22 assignment provision in the 2015 Operating Agreement included future patents related to  
23 Fleming’s breast cancer screening method, the assignment in the latter operating  
24 agreement did not. (*Compare* ECF No. 49-2 at 10-11 *with* ECF No. 49-3 at 10-11.) Nor  
25 did the assignment in the 2016 Operating Agreement include scientific advancements by  
26 Fleming related to cancer and cardiovascular screening, diagnosis, monitoring, care and  
27 treatment. (*Id.*) The provision of the 2016 Operating Agreement excluding certain  
28 intellectual property also appears to be substantively different from the corresponding

1 provision of the 2015 Operating Agreement. Although both agreements exclude  
2 intellectual property and copyrighted material as noted in Fleming's CV (*id.*), the 2016  
3 provision excludes "any and all patent rights owned or held" by Fleming, "subject to the  
4 license granted to" Omnific (ECF No. 49-3 at 11).

5 Both the 2015 and 2016 Operating Agreements contain arbitration clauses. The  
6 2015 Operating Agreement states: "If a dispute arises out of or relates to this Agreement,  
7 or the breach thereof, and if said dispute cannot be settled through direct  
8 discussions . . . the Members and Manager agree . . . to start proceedings to settle the  
9 dispute in an amicable manner by mediation . . . before resorting to arbitration." (ECF No.  
10 49-2 at 18.) The 2016 Operating Agreement contains the same language, though it  
11 extends the timeline for resolving the conflict. (See ECF No. 49-3 at 18.)

### 12 **III. LEGAL STANDARD**

13 "The FAA, 9 U.S.C. § 1 *et seq.*, requires federal district courts to stay judicial  
14 proceedings and compel arbitration of claims covered by a written and enforceable  
15 arbitration agreement." *Nguyen v. Barnes & Noble Inc.*, 763 F.3d 1171, 1175 (9th Cir.  
16 2014) (citing 9 U.S.C. § 3). The FAA limits the district court's role to determining whether  
17 a valid arbitration agreement exists, and whether the agreement encompasses the  
18 disputes at issue. *Id.* (citing *Chiron Corp. v. Ortho Diagnostic Sys., Inc.*, 207 F.3d 11236,  
19 1130 (9th Cir. 2000)). "The Arbitration Act establishes that, as a matter of federal law, any  
20 doubts concerning the scope of arbitrable issues should be resolved in favor of  
21 arbitration . . . ." *Moses H. Cone Mem'l Hosp. v. Mercury Const. Corp.*, 460 U.S. 1, 24–25  
22 (1983). Thus, "[t]he standard for demonstrating arbitrability is not a high one; in fact, a  
23 district court has little discretion to deny an arbitration motion, since the Act is phrased in  
24 mandatory terms." *Republic of Nicar. v. Std. Fruit Co.*, 937 F.2d 469, 475 (9th Cir. 1991).  
25 However, "arbitration is a matter of contract and a party cannot be required to submit to  
26 arbitration any dispute which he has not agreed so to submit." *AT&T Techs., Inc. v.*  
27 *Commc'ns Workers of Am.*, 475 U.S. 643, 648 (1986) (quoting *United Steelworkers of Am.*  
28 *v. Warrior & Gulf Navigation Co.*, 363 U.S. 574, 582 (1960)).

1 **IV. DISCUSSION**

2 The parties dispute only whether the arbitration clause in the operating agreements  
3 encompass the claims at issue. The arbitration agreement applies to all disputes arising  
4 out of or relating to the agreement. (See ECF No. 49-2 at 18; ECF No. 49-3 at 18.) The  
5 claims at issue are for copyright and patent infringement as well as fraud related to such  
6 infringement. (ECF No. 38 at 13-16.) Consequently, the core dispute between the parties  
7 is whether Fleming assigned to Omnific a perpetual license to the Patent and Copyrights  
8 such that Brown did not infringe when he allegedly conducted breast imaging studies using  
9 the Patent and Copyrights. (See ECF No. 49 at 6.) Such a dispute arises out of and relates  
10 to the operating agreements. Fleming argues that the Copyrights and Patent are excluded  
11 from the operating agreements (ECF No. 50 at 2), but his argument concedes the point.  
12 Whether the Copyrights and Patent are excluded from the operation agreements is a  
13 dispute the parties agreed to settle by arbitration.

14 **V. CONCLUSION**

15 The Court notes that the parties made several arguments and cited to several cases  
16 not discussed above. The Court has reviewed these arguments and cases and determines  
17 that they do not warrant discussion as they do not affect the outcome of the motion before  
18 the Court.

19 It is therefore ordered that Defendant's Motion to Compel Arbitration and Stay  
20 Proceedings (ECF No. 49) is granted.

21 It is further ordered that Defendant's Motion to Strike (ECF No. 53) is granted. The  
22 Clerk is instructed to strike ECF No. 52.

23 The Clerk is additionally instructed to strike ECF Nos. 56, 57, and 58.

24 This case is stayed pending arbitration. The parties are directed to file a status  
25 report within fifteen (15) days from conclusion of arbitration.

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The Clerk is instructed to administratively close this case.

DATED THIS 22<sup>nd</sup> day of January 2018.

A handwritten signature in blue ink, appearing to read 'Miranda M. Du', is written over a horizontal line.

MIRANDA M. DU  
UNITED STATES DISTRICT JUDGE